

AMENDED IN SENATE APRIL 24, 2003

SENATE BILL

No. 508

Introduced by Senator Escutia

February 20, 2003

An act to add Section 2984.5 to the Civil Code, relating to automobile sales financing.

LEGISLATIVE COUNSEL'S DIGEST

SB 508, as amended, Escutia. Automobile sales financing.

Existing law regulates the terms and conditions of motor vehicle conditional sales contracts, as defined, *and the sellers engaged in the business of selling or leasing motor vehicles under those contracts.* Existing law requires these contracts to contain, among other items, a calculation of the finance charge and an itemization of the amount financed, which includes the amount of any administrative finance charge.

~~This bill would state the intent of the Legislature to require automobile dealerships to disclose the "buy rate," or minimum interest rate required for a particular transaction, which the finance company presents to the dealership, and any additional discretionary finance charge increases that are added to the "buy rate." The bill would also make a statement of legislative findings.~~

This bill would require a seller, as defined, to keep specified records for 5 years and make them available to the Attorney General on request. Failure to provide the records would result in a civil penalty of \$5,000.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

~~SECTION 1. (a) The Legislature finds and declares that automobile buyers who apply for an automobile loan with the dealership are subjected to interest rate increases beyond the rate the dealership receives without any justification or explanation.~~

~~(b) It is the intent of the Legislature to do both of the following:~~

~~(1) Require automobile dealerships to disclose the “buy rate,” or minimum interest rate required for a particular transaction, which the finance company presents to the dealership.~~

~~(2) Require automobile dealerships to disclose any additional discretionary finance charge increases that are added to the “buy rate.”~~

SECTION 1. Section 2984.5 is added to the Civil Code, to read:

2984.5. (a) A seller shall maintain the following records and make them available to the Attorney General upon request:

(1) A copy of each buyer’s conditional sales contract.

(2) Any documents relied upon to determine a buyer’s creditworthiness, including, but not limited to, any consumer credit report, as defined in Section 1785.3, or any other document containing a buyer’s credit score, as defined in Section 1785.15.1.

(3) If the conditional sales contract is sold, assigned, or otherwise transferred, a copy of the terms of that sale, assignment, or transfer.

(b) The records required in subdivision (a) shall be maintained for at least five years. A seller that fails to make records available to the Attorney General upon request shall be liable for a civil penalty of five thousand dollars (\$5,000) per violation in an action by the Attorney General.